

Message Text

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ORIGIN EB-08

INFO OCT-01 AF-10 ARA-10 EA-10 IO-13 ISO-00 COME-00
TRSE-00 SS-15 SIG-03 L-03 H-01 PA-01 INT-05
SP-02 AID-05 STR-07 OMB-01 CEA-01 FRB-03 ITC-01
AGRE-00 CIAE-00 INR-10 LAB-04 NSAE-00 OIC-02
SIL-01 OPIC-03 SSO-00 NSCE-00 ICAE-00 INRE-00
/120 R

DRAFTED BY EB/ISM:SMAYFIELD:GS
APPROVED BY EB/ICD:EAWENDT
EB/ISM:RMOGDEN
COMMERCE:AMACONE (DRAFT)
TREASURY:TDULANEY (DRAFT)
AF/EPS:WGALLAGHER
ARA/ECP:SGIBSON
EA/EP:RMORF RD
E:SJCANNER
ARA/AND/P:A URNELL
-----100369 242224Z /64

O 242134Z AUG 78
FM SECSTATE WASHDC
TO AMEMBASSY CARACAS IMMEDIATE
AMEMBASSY LIMA IMMEDIATE
AMEMBASSY MEXICO IMMEDIATE
AMEMBASSY KINSHASA IMMEDIATE
AMEMBASSY LUSAKA IMMEDIATE
AMEMBASSY JAKARTA IMMEDIATE
AMEMBASSY SANTIAGO IMMEDIATE
INFO USMISSION GENEVA IMMEDIATE

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E.O. 11652: N/A

TAGS:UNCTAD, ETRD
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SUBJECT:COPPER: FOLLOW-UP TO FOURTH PREPARATORY MEETING

REF: (A) GENEVA 11396, (B) LIMA 6289 (NOTAL),
(C) GENEVA 1803

1. ACTION POSTS WILL HAVE NOTED FROM THE REPORTING CABLE
OF THE FOURTH PREPARATORY MEETING ON COPPER (REF A) THAT A
NUMBER OF DEVELOPING EXPORTING COUNTRIES, SUPPORTED BY
OTHERS HAVING LITTLE INTEREST IN COPPER PER SE, SERIOUSLY
DISRUPTED PROGRESS TOWARDS THE ESTABLISHMENT OF AN AUTO-

NOMOUS COPPER BODY. THIS CAMPAIGN WAS LED BY PERU, MEXICO AND VENEZUELA WITH SOME SUPPORT FROM OTHER DEVELOPING COUNTRIES, MOST NOTABLY ZAIRE. PERU INITIATED THE ORCHESTRATION WITHIN THE G-77 DURING THE AD HOC COMMITTEE MEETING THE PREVIOUS WEEK. UNFORTUNATELY, MORE MODERATE DEVELOPING COUNTRY EXPORTERS SUCH AS CHILE, ZAMBIA AND INDONESIA, WERE RELUCTANT TO SPEAK OUT AGAINST THIS EFFORT FOR FEAR OF ANTAGONIZING THEIR G-77 COUNTERPARTS. (NOTE: IN THE FINAL MOMENTS OF THE MEETING, ZAMBIA DID CRITICIZE THOSE MEMBERS OF THE G-77 WHO HAD DISRUPTED THE MEETING, PARTICULARLY THOSE WHO HAD VERY LITTLE INTEREST IN COPPER, ALTHOUGH IT SIMULTANEOUSLY ALSO DEFENDED ITS EARLIER SHOW OF SOLIDARITY WITH ZAIRE.)

AS POSTS WILL ALSO NOTE FROM THE REPORTING CABLE, THE EFFORTS BY PERU, MEXICO AND VENEZUELA WERE NOT BASED SOLELY ON STATEMENTS OPPOSING A BODY INDEPENDENT FROM UNCTAD, BUT ALSO RELIED ON PROCEDURAL DISRUPTIVE TACTICS SUCH AS REFUSING TO ALLOW PRODUCER AND CONSUMER CAUCUSES AND INSISTING THAT ALL PLENARY DEBATES BE PUBLIC (NORMALLY SESSIONS ARE CLOSED). IN ADDITION, THE POSITION OF THESE COUNTRIES THAT RESOLUTION 93(IV) DOES NOT PERMIT LIMITED OFFICIAL USE
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THE ESTABLISHMENT OF COMMODITY BODIES EXTERNAL TO UNCTAD IS UNACCEPTABLE TO THE U.S. GOVERNMENT AND TO MANY OTHER PARTICIPANTS IN THE IPC.

2. REFTTEL C DESCRIBED THE VIRTUAL CONSENSUS REACHED AT THE THIRD PREPARATORY MEETING IN LATE JANUARY WHEN GOVERNMENTS, RECOGNIZING THAT NEGOTIATION OF AN INTERNATIONAL COPPER AGREEMENT WAS AN UNREALISTIC GOAL AT THAT TIME, INSTEAD AGREED TO PROCEED TO ESTABLISH A PRODUCER/CONSUMER BODY. ONE OF THE PRINCIPAL TASKS OF THE BODY WOULD BE TO CONTINUE THE SEARCH FOR EFFECTIVE STABILIZATION MEASURES FOR COPPER. THREE WORKING GROUP SESSIONS BETWEEN JANUARY AND JULY SUCCESSFULLY PREPARED A SINGLE DRAFT CHARTER WITH BRACKETED ALTERNATIVE LANGUAGE. PERU, MEXICO, AND VENEZUELA PARTICIPATED ACTIVELY IN THIS WORK AND MANY OF THEIR VIEWS ARE REFLECTED IN THE DRAFT CHARTER. THUS THEIR POSITION AT THE FOURTH PREPARATORY MEETING APPEARS PARTICULARLY UNJUSTIFIED AND DISAPPOINTING.

3. WE ARE CONCERNED THAT THE DISRUPTIVE AND POLITICIZED ACTIONS OF THESE COUNTRIES COULD HAVE WIDER IMPLICATIONS FOR THE IPC. SUCCESS IN ONE FORUM IN THWARTING A VIRTUAL CONSENSUS MAY ENCOURAGE USE OF SIMILAR TACTICS IN OTHER FORA. THIS WOULD REDUCE INCENTIVES FOR THE CAREFUL PREPARATION AND REVIEW OF ISSUES NECESSARY FOR SUCCESSFUL RESULTS IN THE IPC. FURTHERMORE, THE EFFORT TO CONVERT SUBSTANTIVE PRODUCER-CONSUMER COMMODITY DISCUSSIONS

INTO CONFRONTATION BETWEEN GROUP B AND THE GROUP OF 77 IS VERY DISTURBING. WE ARE PARTICULARLY CONCERNED REGARDING THE ASSERTION THAT RESOLUTION 93 IV DOES NOT PERMIT THE ESTABLISHMENT OF NEW BODIES OUTSIDE UNCTAD, SINCE SEVERAL NEW BODIES ARE IN FACT UNDER CONSIDERATION IN IPC CONSULTATIONS.

4. THE U.S. GOVERNMENT, WITH VERY BROAD SUPPORT FROM OTHER LIMITED OFFICIAL USE LIMITED OFFICIAL USE

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CONSUMING AND PRODUCING NATIONS, HAS ADVOCATED THE ESTABLISHMENT OF A NEW COPPER BODY INDEPENDENT FROM UNCTAD FOR A NUMBER OF REASONS: (A) IT IS THE MOST PROMISING WAY OF ASSURING CONTINUOUS AND CLOSE INVOLVEMENT AT BOTH EXPERT AND POLICY LEVELS IN THE CAPITALS OF INTERESTED GOVERNMENTS; (B) IT GUARANTEES SUFFICIENT FINANCING AND STAFFING TO ASSURE THE DEVELOPMENT OF THE DATA BASE AND THE IN-DEPTH ANALYSIS NEEDED FOR FURTHER CONSIDERATION OF STABILIZATION MEASURES AND THE PROBLEMS OF WORLD COPPER GENERALLY. IN THIS REGARD, PROFESSIONAL STAFFING ON THE ORDER OF 6-10 INDIVIDUALS HAS BEEN DISCUSSED INFORMALLY. IN UNCTAD, COPPER MUST VIE FOR ATTENTION WITH ALL THE OTHER IPC COMMODITIES--AND AS IN ANY LARGE ORGANIZATION THE LEVEL OF RESOURCES WHICH CAN BE DEVOTED TO ONE ASPECT OF THE ORGANIZATION'S TOTAL RESPONSIBILITY IS UNCERTAIN FROM YEAR TO YEAR; (C) MEMBERSHIP IN AN INDEPENDENT BODY WOULD BE MOST ATTRACTIVE TO THOSE COUNTRIES WITH GENUINE COPPER INTERESTS, THUS HOPEFULLY REDUCING POLITICAL RHETORIC ON THE FULL RANGE OF NORTH/SOUTH ISSUES AND ENCOURAGING MORE DIRECT FOCUS ON ECONOMIC PROBLEMS OF THE WORLD COPPER MARKET.

5. THE DEPARTMENT REQUESTS THAT ACTION POSTS APPROACH THE RESPONSIBLE HOST GOVERNMENT OFFICIALS AND EXPRESS OUR CONCERN REGARDING THE COURSE OF EVENTS AND THE CONDUCT OF THE RECENT COPPER MEETING AS WELL AS THE IMPLICATIONS WE SEE FOR THE IPC IN GENERAL. DEPARTMENT WOULD APPRECIATE ANY REACTION FROM THESE OFFICIALS (INFO U.S. MISSION GENEVA) REGARDING THEIR VIEWS ON THE SUBJECT MEETING AND THE POSSIBLE FUTURE COURSE OF THE COPPER DISCUSSIONS. REPLIES WOULD BE APPRECIATED, IF POSSIBLE, PRIOR TO OR DURING THE NEXT MEETING OF THE UNCTAD TRADE AND DEVELOPMENT LIMITED OFFICIAL USE LIMITED OFFICIAL USE

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BOARD AUTUST 28-SEPTEMBER 15. THE FIFTH PREPARATORY MEETING FOR COPPER IS NOW SCHEDULED FOR OCTOBER 9-13. POSTS MAY WISH TO DRAW UPON THE FOLLOWING TALKING POINTS AS

APPROPRIATE IN THEIR DISCUSSIONS:

-- WE WERE GENUINELY SURPRISED AND DISAPPOINTED AT THE OUTCOME OF THE FOURTH PREPARATORY MEETING SINCE PRIOR TO THAT SESSION THERE WAS BROAD AGREEMENT AMONG BOTH PRODUCERS AND CONSUMERS TO MOVE IN A CONSTRUCTIVE DIRECTION TOWARD THE ESTABLISHMENT OF A NEW PRODUCER/CONSUMER COPPER BODY.

-- WE BELIEVE THAT A COPPER BODY WITH ITS OWN INDEPENDENT STAFF AND BUDGET WOULD BE THE BEST WAY TO ASSURE IN-DEPTH ANALYSIS OF STABILIZATION MEASURES AND TO FOCUS ATTENTION SPECIFICALLY ON COPPER PROBLEMS. IN THIS CONNECTION, THE PRESENT COPPER SITUATION WORLDWIDE, WITH PRICES DEPRESSED

AND LARGE STOCKS OVERHANGING THE MARKET, ARGUES FOR THE PROMPT ESTABLISHMENT OF THE NEW ORGANIZATION TO GIVE IMMEDIATE ATTENTION TO WAYS OF HELPING TO ALLEVIATE THIS SITUATION.

-- THE UNITED STATES CONTINUES TO GIVE HIGH PRIORITY TO THE REVIEW OF POSSIBLE STABILIZATION MEASURES; INDEED THIS WOULD BE ONE OF THE THREE PRINCIPAL TASKS OF THE ORGANIZATION. POSSIBLE UNDERLYING CONCERN FELT BY SOME COUNTRIES THAT THE WORK ON STABILIZATION WILL BE SLOWED OR DROPPED IF AN INDEPENDENT PCF IS ESTABLISHED IS UNFOUNDED.

-- WE HAVE ALWAYS AGREED THAT THE BODY SHOULD BE SUITABLY LINKED TO UNCTAD AND SUCH LINKS ARE PROVIDED FOR IN THE DRAFT CHARTER. IN ADDITION TO CONTINUING WORK ON STABILIZATION MEASURES, OTHER MORE INSTITUTIONAL LINKS INCLUDE A COOPERATIVE WORKING RELATIONSHIP BETWEEN THE LIMITED OFFICIAL USE
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COPPER BODY AND THE UNCTAD SECRETARIAT, UNCTAD OBSERVER STATUS WITH THE RIGHT TO SPEAK, AND A REQUIREMENT THAT THE ORGANIZATION REPORT PERIODICALLY TO THE UNCTAD ON THE PROGRESS OF ITS WORK.

-- REGRETTABLY, THE TACTICS EMPLOYED BY SOME COUNTRIES AT THE FOURTH PREPARATORY SERVED TO STALL THE FORWARD PROGRESS OF WORK ON THE COPPER BODY'S CHARTER. THE U.S. GOVERNMENT HAS URGED PROMPT ESTABLISHMENT OF THE NEW BODY WITH THE FIRST ORGANIZATIONAL SESSION TO BE HELD AS QUICKLY AS POSSIBLE. WE HAVE BEEN EAGER TO RESOLVE THE DIFFERENCES IN LANGUAGE IN THE DRAFT CHARTER IN ORDER TO CLEAR THE WAY FOR THIS INAUGURAL MEETING, WHICH WE HAD HOPED WOULD OCCUR BEFORE THE END OF THE YEAR.

-- WE CANNOT ACCEPT THE ASSERTION BY SOME COUNTRIES THAT

AUTONOMOUS BODIES OTHER THAN THOSE ASSOCIATED WITH STABILIZATION AGREEMENTS ARE NOT ENVISAGED UNDER RESOLUTION 93(IV). SUCH PRODUCER-CONSUMER BODIES ARE DEFINITELY CONTEMPLATED IN THE LANGUAGE OF THE RESOLUTION. MOREOVER, RESOLUTION 93(IV) ENCOMPASSES A BROAD RANGE OF MEASURES TO IMPROVE TRADE IN COMMODITIES AND DOES NOT RULE OUT ANY PARTICULAR COURSE OF MUTUALLY AGREEABLE AND BENEFICIAL PRODUCER-CONSUMER ACTION WHICH MIGHT LEAD TO THAT OVERALL GOAL.

-- THE VIEWS OF HOST GOVERNMENT ON THESE MATTERS WOULD BE GREATLY APPRECIATED.

6. FOR KINSHASA: THE ROLE OF ZAIRE IN THIS MEETING WAS CRITICAL INASMUCH AS IT AFFECTED THE BALANCE AMONG THE LDC'S BETWEEN THE MODERATES AND THE LATIN AMERICAN EXTREMISTS. WITHOUT THE SUPPORT OF ZAIRE, PERU WOULD LIMITED OFFICIAL USE
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HAVE HAD GREAT DIFFICULTY IN PERSUADING OTHER LDC PRODUCERS TO REMAIN SILENT AND EVEN GIVE TOKEN SUPPORT, THUS DISGUIISING ITS REAL ISOLATION ON THE ISSUE OF A COPPER ORGANIZATION. WHILE ZAIRE NEVER STATED CATEGORICALLY THAT IT OPPOSED AN INDEPENDENT BODY, IT DID INDICATE SUPPORT FOR SUCH A BODY WITHIN UNCTAD AND IT IN FACT EVENTUALLY TABLED A SO-CALLED COMPROMISE WHICH CALLED FOR THE ESTABLISHMENT OF AN AUTONOMOUS COPPER DIVISION UNDER THE UNCTAD SECRETARIAT. IF ZAIRE COULD BE CONVINCED TO SUPPORT THE AUTONOMOUS BODY, IT IS OUR BELIEF THAT THIS WOULD EMBOLDEN CHILE, INDONESIA AND ZAMBIA SUFFICIENTLY TO GET THIS WHOLE EXERCISE BACK ON TRACK EVEN IN THE FACE OF SOME OPPOSITION FROM SOME OTHER MEMBERS OF THE G-77.

7. FOR LIMA: REFTEL (B) SETTING OUT THE INSTRUCTIONS TO THE PERUVIAN DELEGATION, WHICH WE UNDERSTAND WERE SIMILAR TO THOSE FOR THE MEXICAN DELEGATION, WERE COMPLETELY IGNORED BY THEIR SPOKESMAN IN GENEVA. (WE UNDERSTAND FROM OTHER SOURCES THAT MINISTER PEREZ GUERRERO OF VENEZUELA PLAYED AN ACTIVE ROLE BEHIND THE SCENES URGING ON THE LATIN AMERICAN DELEGATES). YOUR EFFORTS TO PROBE THESE INCONSISTENCIES WOULD BE APPRECIATED.

8. FOR SANTIAGO, LUSAKA, JAKARTA: ALTHOUGH CHILE, ZAMBIA, AND INDONESIA HAVE PLAYED A MODERATING ROLE IN PAST MEETINGS, THEY CHOSE NOT TO SPEAK OUT AGAINST THE DISRUPTIVE TACTICS EMPLOYED AT THIS SESSION. YOUR EFFORTS TO ENCOURAGE THEIR ACTIVE PARTICIPATION IN PREVENTING A SIMILARLY DISRUPTIVE OUTCOME AT THE NEXT PREPARATORY MEETING WOULD BE APPRECIATED. CHRISTOPHER

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Message Attributes

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